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KEYS TO A SUCCESSFUL FLEET PROGRAM

FIVE ELEMENTS ARE KEY TO MAINTAINING SUCCESSFUL FLEET PROGRAMS says Albertini

OPERATING EXPENSE SURVEY

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MEET NAFA'S OFFICERS

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FLEET MANAGEMENT has become a very complex and demanding profession. No longer is fleet management the simple task of selecting Chevys, Fords, or Plymouths and operating them until some randomly chosen replacement period is reached. Today's fleet manager must be responsible for reviewing and incorporating a variety of external factors, such as legislative and economic concerns, into the fleet program. He or she must also deal effectively with the maintenance and promotion of the internal corporate climate and structure.

Fleet management today requires insight, planning, control and corporat involvement and support. A succes fleet manager needs to constan address certain areas: the de implementation and modi

Important Issue

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FEATURES

10 **1985 Operating Expense Survey Shows: Net Expenses Decline**
Ninety-four fleets, responsible for more than 100,000 vehicles, responded to NAFA's 1985 survey on fleet operating costs. The results of this survey can help you measure how your fleet is doing compared with average similar fleets. This much-requested data is broken down into car-size categories for easy comparison.

18 **Meet NAFA's Officers and Trustees**
This Who's Who of NAFA leaders let's you learn more about the Officers and Trustees elected to move NAFA into the future. Included here are pictures and biographies of your Association's President, Vice Presidents, Secretary, Treasurer, and Trustees.

24 **Five Elements Are Key to Maintaining A Successful Fleet Program, Says Albertini**
If you are new in the fleet industry, or if you are trying to start a new fleet program in your company, this article is for you. Jerry Albertini, manager, vehicle and travel administration, Simplex, and NAFA's New England Chapter Chairman, details five points he believes are necessary to run a successful fleet program and keep it running.

28 **Organization and Setting Priorities For the New Fleet Manager**
Duane Berger, fleet administrator, Cox Communications Inc., offers this perfect compliment to Jerry Albertini's article. After learning what tools are needed for a successful fleet program by Albertini, Berger will explain how you can organize those tools and more to set your priorities in proper order and run your fleet at its most efficient level possible.

34 **Canadian Fleet Operations**
Many of NAFA's U.S. Members have cars operating in Canada and need to know the differences between Canadian and American laws and regulations. Fred Booth, vice president and general manager, Lend Lease Ltd., explained those differences in his Conference presentation "Canadian Fleet Operations" and they are highlighted here.

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1985 Operating Expense Survey Shows:

Net Expenses Decline

NAFA Exclusive

Ninety-four fleets, responsible for 105,845 vehicles, responded to NAFA's 1985 Operating Expense Survey. The survey polls fleets regarding operating, standing, and incidental expenses incurred from the daily operation of their vehicles.

Survey data is broken down into five categories: compact cars; mid-size cars; large cars; composite statistics, and Canadian fleet expenses.

The results are based on NAFA's Recommended Classification of Automobile Expenses which is:

Operating Expenses: All costs directly related to running a vehicle — fuel, oil, tires and tire repair, and normal maintenance. These costs are computed in cents per mile per car.

Incidental Expenses: Costs of licenses and taxes, accident repairs (minus recoveries), parking and tolls, and washing.

Standing Expenses: Interest paid on company-owned vehicles, leasing service charges, depreciation reserve, insurance, and reconditioning costs. Deducted from this total are any depreciation adjustments that must be made after a vehicle is sold.

Net Expenses: Total of incidental and standing expenses minus any personal use or extra equipment charges.

The survey used the following definitions for vehicle classification:

Compact Car: vehicles with a wheelbase between 100 and 104 inches and a curb weight between 2,200 and 2,599 pounds.

Mid-size Car: vehicles with a wheelbase between 105 and 108 inches and a curb weight between 2,600 and 3,199 pounds.

Large Car: vehicles with a wheelbase greater than 108 inches and a curb weight greater than 3,200 pounds.

Compact Cars

Eight fleets, responsible for 5,196 compact cars, responded to the survey. The respondents had a total of 6,039 vehicles in their fleets.

Seventy-five percent of the cars in this category are leased; 21 percent are company-owned, and four percent are employee-owned. Eighty-three percent of the cars have four-cylinder engines; 16 percent have six-cylinder engines and one percent have eight-cylinder engines.

These cars are driven an average of 2,198 miles a month with 1,868 miles being for business and 330 miles for personal use. They are kept in service an average of 29.25 months or approximately 64,300 miles.

Half of the responding fleets use a 50 month depreciation period for these cars. Two use 36 months; one uses 48 months and one uses 50,000 miles.

Ninety-five percent (4,936) of the compact cars have air conditioning, automatic transmissions, power steering, and power brakes.

Operating Expenses

Average fuel cost per mile per car in this category was 4.75 cents. Oil cost an average of .21 cents per mile per car. Tires and tire repair cost an average of 0.99 cents per mile per car. Maintenance and repair cost an average of 1.49 cents per mile per car. Total operating expenses for compact cars averaged 7.44 cents per mile per car. This is up from last year's 7.08 cents figure.

Incidental Expenses

Licenses and taxes cost an average of $11.97 per car per month. Accident repairs minus recoveries averaged $7.57 per car per month. Washing average $6.91; parking and tolls $5.09, and miscellaneous incidental expenses nine cents. This totals an average monthly incidental expense cost of $31.63 per car.

Standing Expenses

Interest paid on company-owned cars average three cents per car per month. Leasing company service charges averaged $67.75 per car per month; depreciation reserve $180.26; depreciation adjustment $5.53; reconditioning $2.00, and insurance $25.82. This totals an average monthly standing expense of $270.83 per car per month.

Note: This survey provides interesting insights into expenses of other fleets; however, because the number of fleets represented is not great, special care should be used in comparing your own fleet costs to the data reported in this and other surveys.

Net Expenses

With average incidental expenses of $31.63, average standing expenses of $270.83, and average credits of $35.07, the average net expense for each vehicle in the compact car category is $267.39.

Mid-Size Cars

Eighteen fleets, responsible for 9,371 mid-size cars, responded to the survey. The respondents had a total of 21,339 vehicles in their fleets.

Ninety-five percent of the cars in this category are leased; three percent are company-owned, and two percent are employee-owned. Fifty-six percent of these cars have four-cylinder engines; 38 percent have six-cylinder engines, and six percent have eight-cylinder engines.

These cars are driven an average of 2,053 miles a month with 1,740 miles being for business and 313 miles for personal use. They are kept in service an average of 25 months or approximately 50,000 miles.

Five fleets use a 50 month depreciation period for their vehicles. Four use 45 months; three use 44 months; three use 36 months; one uses 40 months, and one uses 24 months.

All of the cars in this category are equipped with air conditioning, automatic transmissions, power steering, and power brakes.

Operating Expenses

Average fuel cost per mile per car in the mid-size car category was 5.65 cents. Oil cost an average of .15 cents per mile per car; tires and tire repair .32 cents, and maintenance and repairs 1.78 cents. Thus, total operating costs for mid-size cars was 7.90 cents per mile per car. This is a decrease from last year's total of 8.37 cents.

Incidental Expenses

Licenses and taxes cost an average of $15.80 per car per month. Accident repairs minus any recoveries averaged $14.08 per car per month; washing $5.88; parking and tolls $15.82, and miscellaneous incidental expenses $4.71. This totals an average monthly incidental cost of $56.29 per car.

Standing Expenses

No companies reported paying interest on company-owned cars. Leasing company service charges averaged $82.62 per car per month. Depreciation reserve $184.62 per car per month; depreciation adjustments $15.31; reconditioning $2.72, and insurance $31.70. Total standing expenses for mid-size cars were, therefore, $286.35.

Net Expenses

With average incidental costs of $56.29, average standing costs of $286.35, and average credits of $36.95, the average net expense for each vehicle in the mid-size car category is $305.69.

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Composite Fleet Statistics Expense Comparison 1983-1985

(Responses from fleets which do not report expenses by car class, but only as a total.)

	1983	1984	1985
OPERATING EXPENSES			
(cents per car per mile)			
Fuel	.0579	.0560	.0656
Oil	.0016	.0012	.0036
Tires & Tire Repair	.0041	.0040	.0048
Repair & Maintenance	.0157	.0151	.0192
Total Operating Expenses	.0793	.0763	.0932
INCIDENTAL EXPENSES			
(dollars per car per month)			
Licenses & Taxes	$ 9.95	$11.62	$16.69
Accident Repairs less Recoveries	8.85	8.74	11.59
Washing	4.12	4.25	5.55
Parking & Tolls	11.06	7.46	19.10
Miscellaneous	2.97	3.25	4.70
Total Incidental Expenses	$36.95	$35.32	$57.63
STANDING EXPENSES			
(dollars per car per month)			
Interest	*	*	$ 20.00
Leasing Service Charge	$ 72.05	$ 60.40	46.25
Depreciation Reserve	153.65	182.95	147.50
Depreciation Adjustment	-12.38	-23.83	-35.00
Reconditioning	5.04	11.46	5.00
Insurance	20.96	19.03	32.03
Total Standing Expenses	$239.32	$250.01	$215.78
CREDITS			
(dollar return per car per month)			
Personal Use	$47.70	$45.42	$44.92
Extra Equipment	*	*	7.07
Total Credits	$47.70	45.42	$51.99
NET EXPENSES			
(Incidental + Standing Expenses — Credits)	$228.77	$239.91	$221.42

*This figure was included in "Leasing Service Charge" these years.

*Figures not given these years.

NAFA's Operating Expense Survey

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Large Cars

Seven fleets, responsible for 904 large cars, responded to the survey. The respondents had a total of 3,818 vehicles in their fleets.

Sixty percent of the cars in this category are company-owned. Thirty-nine percent are leased and one percent are employee-owned. Seventy-one percent have six-cylinder engines; 16 percent have four-cylinder engines, and 13 percent have eight-cylinder engines.

These cars are driven an average of 1,874 miles each month with 1,451 miles being for business and 423 for personal use. They are kept in service an average of 40 months or 67,750 miles.

Four fleets use a 36 month depreciation schedule; two use 50 months, and one uses 60 months.

Ninety-seven percent of the large cars have air conditioning and automatic transmissions and 99 percent have power steering, and power brakes.

Operating Expenses

Average fuel cost per mile per car in this category was 7.42 cents. Oil cost an average of 0.37 cents per mile per car; tires and tire repair 1.01 cents, and maintenance and repair 6.63 cents. Thus, total operating expenses for large cars were 15.43 cents per mile per car.

Incidental Expenses

Licenses and taxes averaged $16.00 per car per month. Accident repairs minus any recoveries averaged $4.16; washing $6.36; parking and tolls $20.75, and miscellaneous incidental expenses $4.00. This totals an average monthly incidental cost of $51.27.

Standing Expenses

No fleets reporting paying any interest on company-owned vehicles. Average leasing company service charge was $121.00 per car per month. Depreciation reserve averaged $231.08; depreciation adjustment $4.00, and insurance $40.00. Thus, total standing expenses averaged $388.08.

Net Expenses

With average incidental expenses of $51.27, average standing expenses of $388.08, and average credits of $185.00 per car per month, the large fleet category has an average net expense of $254.35 per month.

Compact Cars Operating Expense Comparison (Cents Per Mile) 1983-1985

	1983	1984	1985
Fuel	$.0517	$.0528	$.0475
Oil	.0017	.0014	.0021
Tire & Tire Repair	.0035	.0045	.0099
Repair & Maintenance	.0126	.0121	.0149
Total Operating Expenses	$.0695	$.0708	$.0744

Mid-Size Cars Operating Expense Comparison (Cents Per Mile) 1983-1985

	1983	1984	1985
Fuel	$.0616	$.0614	$.0565
Oil	.0016	.0018	.0015
Tires & Tire Repair	.0064	.0043	.0032
Repair & Maintenance	.0169	.0162	.0178
Total Operating Expenses	$.0865	$.0837	$.0790

Composite Statistics

The composite statistic category consists of those respondents who did not give numbers for a certain car class, but rather, gave total fleet expenses.

Thirty-nine fleets, responsible for 51,595 compact, mid-size, and large vehicles, responded to the survey. Forty-nine percent of these cars are leased; 45 percent are company-owned, and six percent are employee-owned.

Fifty-five percent of these cars have four-cylinder engines. Forty percent have six-cylinder engines, and five percent have eight-cylinder engines.

These cars are driven an average of 2,233 miles a month with 1,878 being for business and 355 for personal use. They are kept in service an average of 29 months or 57,000 miles.

Nineteen fleets use a depreciation schedule of 50 months. Fifteen use 36 months; three use 48 months, and two use 60 months.

Ninety-two percent of these cars have air conditioning. Ninety percent have automatic transmissions; 92 percent have power steering, and 93 percent have power brakes.

Operating Expenses

Average fuel cost per mile per car in this category was 6.56 cents. Oil cost an average of 0.36 cents per mile per car; tires and tire repair 0.48

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NAFA's Operating Expense Survey

(Continued from page 12)

cents, and maintenance and repairs 1.92 cents. Thus, total operating expenses were 9.32 cents per mile per car. This is an increase of 1.69 cents over last year's 7.63 cents per mile per car.

Incidental Expenses

Licenses and taxes cost an average of $16.69 per car per month. Accident repairs minus any recoveries averaged $11.59; washing $5.55; parking and tolls $19.10, and miscellaneous incidental expenses $11.40. Total incidental expenses are, therefore, $64.33, an increase of $29.01 from last year. The largest increases were in parking and tolls, which more than doubled from last year's $7.46 figure, and miscellaneous expenses, which more than tripled from its previous $3.25.

Standing Expenses

Interest on company-owned vehicles averaged $20.00 per car per month. Leasing company service charges averaged $46.25; depreciation reserve $117.60; depreciation adjustment $35.00; reconditioning $5.00, and insurance $32.03. This totals an average standing expense of $185.88.

Net Expenses

With average monthly per car incidental expenses of $64.33, average standing expenses of $185.88, and average credits of $51.99, the average net expense of each vehicle in this category is $198.22 per month.

Large Cars Operating Expense Comparison (Cents Per Mile) 1983-1985

	1984	1985
Fuel	$ *	$.0742
Oil	*	.0037
Tires & Tire Repair	*	.0101
Repair & Maintenance	*	.0663
Total Operating Expenses	$.0935	$.1543

*Only total figure given last year — not broken down.

Canadian Fleets Operating Expense Comparison (Canadian Cents Per Kilometer) 1983-1985

	1983	1984	1985
Fuel	$.0979	$.0816	$.0595
Oil	.0026	.0012	.0005
Tires & Tire Repair	.0080	.0044	.0060
Repair & Maintenance	.0221	.0205	.0215
Total Operating Expenses	$.1306	$.1077	$.0875

Canadian Fleets

Twenty-two Canadian fleets, responsible for 29,182 compact, mid-size, and large vehicles, responded to the survey. Forty-nine percent of these cars are company-owned; 27 percent are leased, and 24 percent are employee-owned.

A majority, 84 percent, of Canadian fleet vehicles have four-cylinder engines. Nine percent have six-cylinder engines and seven percent have eight-cylinder engines.

These cars are driven an average of 3,093 kilometers every month; 2,562 kilometers are for business and 531 kilometers for personal use. They are kept in service an average of 33 months or 80,435 kilometers.

Nine fleets use a depreciation schedule of 36 months; six use 50 months; three use 24 months, and two use either 48, 54, or 60 months.

Fifty-six percent of the vehicles in this category are equipped with air conditioning. Sixty-one percent have automatic transmissions, power steering, and power brakes.

(The following expenses are given in *Canadian* dollars and cents.)

Operating Expenses

Average fuel cost per kilometer in this category was 5.95 Canadian cents. Oil cost an average of .05 cents per car per kilometer; tires and tire repair averaged 0.6 cents, and maintenance and repairs 2.15 cents. Thus, total operating expenses for Canadian fleets averaged 8.75 cents per car per kilometer.

Incidental Expenses

Licenses and taxes cost an average of $12.14 per car per month. Accident repairs less recoveries averaged $8.96; washing $3.02; parking and tolls $6.41, and miscellaneous incidental expenses $7.41. Total incidental expenses per car per month are, therefore, $37.94.

Standing Expenses

No fleets reported paying interest on company-owned vehicles. Leasing company service charges averaged $48.24 per car per month. Depreciation reserve averaged $145.35; depreciation adjustment $73.62; reconditioning $1.79, and insurance $25.20. Thus, total standing expenses averaged $146.96 per car per month.

Net Expenses

With average monthly incidental expenses of $37.94, average monthly standing expenses of $146.96, and average monthly credits of $28.82, net expenses per Canadian car per month averaged $156.08. ■